

Paul Palley. **2983 and 3304 Motions for Claim.**
25 Pearman St. **Proofs of Claim 14178 and 6985.**
London SE1 7RB. **(and 6980)**
U.K. **AC.s 03041016 and 03041118.**

Tel: 00 44 20 7261 0750

Claimant for Administrative Expenses.
United States Bankruptcy Court.
Southern District of New York.

In re: Refco et al. Debtors.
Chapter 11
Case No. 05-60006 (RDD)

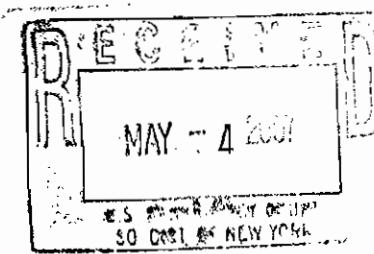
APPEAL IN RESPONSE TO ORDER DISALLOWING
ADMINISTRATIVE EXPENSE CLAIMS RELATED TO POST-
PETITION INCREASES IN FXA CLIENT ACCOUNT BALANCES.

Signed: ...Paul Palley.....*Paul Palley*

Dated:*2 May 2007*

Statement of Issues.

1 Introductory Statement.



All parties agree that the Macfarland test is determinative of whether administrative claims are allowed. Judge Drain has stated in his judgment on the subject that "this is not a particularly easy motion to decide" and that it is a "close call". Every party including Skadden Arps is agreed that the issue before the Court is difficult to decide. In the Memorandum of Sale Docket 563 dated 10 November 2005 (see Exhibit A) Skadden Arps and Golenbock Eiseman, attorneys for FXCM, admit that continued trading may give rise to administrative claims in circumstances where there has been no augmentation of the Debtors' Estate with post-petition money payments to the Debtor. Furthermore, Skadden states that:

"To protect RFX customers and RFX's ability to pay its administrative claims, in the event ...that...the transactions contemplated by the MOU fail to close...FXCM shall subordinate any administrative expense

claim...to the...claims of Dealing Accounts that are customers of RFX.”

In other words, it was the claim of two separate groups of attorneys that administrative claims can be made without an actual completed sale of Customer accounts to FXCM. Nevertheless, both Judge Drain and Bingham McCutchen appear to believe that administrative claims cannot arise. It is therefore necessary to analyse the facts of the case and their relationship to Macfarland in some detail.

Many of the designated items are long Court rulings for which I do not know the exact date. I have included a brief reference, not the entire item, in particular item Exhibit M, the original submission has been included referred to. I should be grateful if the Appeal Court or District judge would read it in its entirety. They are already on the docket and Judge Drain and the attorneys will be familiar with them. I have given the closest date I can. The recorded postal service has a record that it attempted delivery of the Notice at 10.29 on Saturday 28 April. The deadline was on Sunday 29 April when the Court is shut. The mail with the judgment was only received in the UK on Tuesday 24 April. The deadline is therefore considered unreasonably tight.

2 Post-petition Benefit.

The crux of Judge Drain’s ruling appears at page 15 in his judgment where he states:

“I believe that in regard to this type of claim, where the dollars and cents that were used, were all supplied prepetition, “benefit” on a post petition basis does not exist.”

In support he cites CIS Corporation, a case which involved a single transaction, namely the payment of rent on a particular date, which was pre-petition. Had the date of the transaction in question been post-petition, the claim would have been allowed. The first matter to resolve is, therefore, to establish the date and number of transactions involved. In the case of Refco, there were daily transactions with active clients. These transactions were in addition to the initial transaction, which was the deposit of trading funds. That initial transaction was pre-petition. So the case of CIS Corporation is very different from Refco et al in respect to the nature and extent of client transactions.

The full list of transactions is shown on an account statement for individual clients stored in the “secure area” of the platform. The FXCM platform has now been disabled for Refco clients and Refco does not provide details. However FXCM has made available most of the required details except for spreads (see Exhibits J and K by pdf attachment).

The next question to pose is whether or not the transactions in question were beneficial. There is no reason provided by Judge Drain to accept that benefit is limited to new money. Elsewhere he refers to an actual “augmentation” of funds as being the test of benefit. Again there is no reason why benefit should not be in other forms such as a change in liability between client and the Debtor. Indeed Refco admit that there were changes in liability.

The dated transactions on the account are of two kinds: those that are negative in their effect on the cash balance and those which are positive. The entire sum of negative entries in the account are post-petition transactions, which are beneficial to Refco, being an increase in the obligations and liabilities of the customer to Refco. The entire sum of post-petition transactions which are positive in the account are claims of the Customer against Refco.

The key question is *not* whether there was a net gain or post-petition increase in funds but where the customer was active or not i.e. whether the client had +/- account activity. Clearly there would need to be some form of subsequent liquidated settlement (see sections 17-19 Exhibit 1). This aspect of the original submission is intended to demonstrate that loss-making clients have administrative claims and that depending on their level of activity it will be possible for them to receive a payment.

3 Post-petition Consideration.

Under the English Common law Consideration is not limited to provision of money, goods and services. There is no reason to suppose that the American doctrine is substantially different. RFXA clients took risks and undertook obligation each time they placed a dateable trade. The full list of their transactions, which gave rise to post-petition Consideration, has been provided by FXCM (see Exhibits J and K by pdf attachment). For further details on Consideration, see Exhibit M.

4 The Macfarland Test.

The Macfarland test contains two separate and independent tests, one for the date of consideration and another for the date of benefit. There is no basis to conflate the two tests as Judge Drain has done, when he argued that post petition consideration is a necessary pre-condition for a post petition benefit: “I believe that in regard to this type of claim, where the dollars and cents that were used, were all supplied prepetition, “benefit” on a post petition basis does not exist.” There is no reason for the issues of benefit and consideration to be connected, as is supposed by the Judgment appealed against.

In so far as I understand which of Debtor and claimant in the CIS Corporation case is lessor and which is lessee, this case would appear to

be about the date on which consideration occurred because Rent is a payment of consideration and therefore the CIS case does not deal with the issue of benefit.

5 Further Benefits.

Eye witness accounts reported a degree of nervousness on the part of Bingham McCrutchon attorneys in the Court on 11 April 2007. This may be because their pleading suggested that no actual sale of the client list occurred. In fact my name was on the list sold to Gain for \$750,000 on or around 12 December 2006 as reported in the Latin America Troubled Business Reporter and elsewhere:

http://bankrupt.com/TCRLA_Public/061212.mbx REFCO INC: GAIN
 Capital Wins FXA's Customer List for US\$750,000
 REFCO INC: To Present 16 Witnesses at Plan Confirmation Hearing

(Exhibit I)

\$750,000 may be considered a small sum but there is no requirement in law that benefits received be commensurate with claims made. The mere existence of this single post-petition benefit could validate all claims in respect of the benefit test under Macfarland including those of:

David Bilodeau – 14119 Motion for Claim 4218698 Canada inc. - 14117 Motion for
 Claim 9016-2355 Québec inc. – 14118 Motion for Claim.

Exhibit M further detailed the various classes of benefit that Refco received post petition but it omitted to mention the payment of dividends by FXCM to Refco during the post-bankruptcy period. These were possible because the trading platform was and is an extremely profitable business. Refco admits as much when they say liabilities to customers changed. In aggregate the total of client funds declined significantly. Although there was no new money deposited by clients after 17 October, every time a trade occurred clients paid the spread to Refco. Likewise Refco also received more in interest than it paid on reciprocal/risk free positions. This was the source out of which beneficial dividends to Refco were paid.

6 Reading Corporation v. Brown

In special circumstances where there been gross misrepresentation on basis of which claimants were induced to trade, it may be possible to claim expenses. It is arguable that such misrepresentation did occur. Clients were informed that they could trade “without disruption” (see e-mail appended to Exhibit M). The guarantee to trade without disruption was given unconditionally and was not dependent on completion of a

sale. Only the access to funds in the in the usual manner was dependant on completion of a sale. The general tone of the e-mail is intended to allay fear and encourage business as usual.

Furthermore in the MOU 3 dated 10 November 2005 Skadden and other attorneys admit that continued trading may give rise to administrative claims in circumstances where there has been no augmentation of the Debtors' Estate with post-petition money payments to the Debtor (see Exhibit A). In particular Skadden states that:

"To protect RFX customers and RFX's ability to pay its administrative claims, in the event ...that...the transactions contemplated by the MOU fail to close...FXCM shall subordinate any administrative expense claim...to the...claims of Dealing Accounts that are customers of RFX."

RefcoDocket 563.

The MOU contains detailed provisions for the payment of administrative expenses, which contain no mention of the possibility of a legal objection to such payments. It was prepared by Skadden. On the basis of these statements from the Debtor, a client may reasonably conclude that administrative claims would not subsequently be challenged. Such clients would have undertaken trading activity, obligation and risk in the reasonable expectation that administrative claims would not be challenged. They would forbear from trading at reputable and solvent brokers in the expectation that claims would be met in full. On this basis I make my claims (see Exhibits B and C).

7 Further Submissions concerning the history of the Bankruptcy.

7a T. H. Lee.

Exhibit E shows the intercompany transfers that were made by T. H. Lee appointed directors three working days prior to bankruptcy. \$494 million was transferred on 12 October 2005. Although FX funds may not have been legally segregated, they were in fact held separately until 12 October 2005 in FX designated accounts and then transferred to "securities" designated accounts. These transfers, which took place immediately prior to bankruptcy, are an undue preference to securities creditors at the expense of FX clients, whereby funds that could and should have been used to settle obligations to FX creditors were used in priority to benefit RCM securities creditors. Once funds were in Securities accounts, the fact that FX clients at RCM would be disadvantaged vis-à-vis FX clients at RFXA could be used to disadvantage the entire class of FX creditors, including those clients of Refco FX Associates who had a prior claim on

funds in designated accounts. The action of the directors in transferring these sums implies an admission that funds might have been held in a bailor/bailee relationship. The actions in question were ultimately arranged by T H Lee, who is the majority shareholder in Refco. Another Refco board director with responsibility for such decisions is believed to have been a nominee of Fleet National Bank, which is a subsidiary of Bank of America, the provider of secured loans to Refco. As a result of using FX funds to settle debts with securities creditors, it was possible to avoid Chapter 7 liquidation in which circumstances a secured loan from the Bank of America could be used to pay securities customers, who enjoy statutory protection. The erroneous advice that this maneuver was legal emanated from Skadden Arps (see Exhibit D Drew Niv's e-mail.) The position of the T H Lee finally became untenable when they were forced aside by demands from the Justice Department early in 2006.

As is apparent from e-mails already seen by Judge Drain in the earlier hearing, the FX clients were encouraged into a false sense of security at the earlier stages of the bankruptcy by being told that they were being auctioned as a business and that they could trade without disruption. The Official Creditor Committee failed to protect their interests and failed to advance the appropriate arguments in Court on their behalf because transferring funds to RCM gave a good deal to the large players on the Committee.

The entire Bankruptcy process has been thus surreptitiously controlled by TH Lee for the purpose of maintaining their banking and financial relationships with large players in priority to small customers. The T H Lee appointed directors sought unnecessarily to protect the security of Bank of America and these directors accordingly sought appropriate legal advice from Skadden. After these crucial events in the spring of 2006 the TH Lee directors stepped aside following demands from the Justice department.

There was improper management both before and after the filing for bankruptcy. It has been explained in the original submission (Exhibit I) that FXA employees were told by senior management to tell customers that the problems at Refco only affected Refco CM and did not in any way effect Refco FXA or its customers. Ashley Hutto, Kevin McMillian, Joe Shandly, Jad Fares and Jessica Beckstead are just some of the former Refco FXA employees that were telling customers that everything was safe at Refco FXA in the weeks prior to filing on Oct 17th. Many of these employees were upset on Oct 17th, 2005 when they learned from their management that Refco FXA had filed.

If the debtor believes that Refco FX clients have any chance of winning a fraud case, then they will fear the risk of res judicata, which means once fraud is proven, that all who have been defrauded will need only to notify the court of their proof of claim in order to be paid. One only needs to prove fraud once, and then all victims would fall under the one case and verdict. So each FXA customer would not have to hire a lawyer or have to file suit, they would simply supply the court with their POC and get paid. There may even be punitive damages on top of all of claims for funds. I believe that the Refco Board (and Thomas Lee), Management and possibly Bank of America have a lot to answer for. When FXA customers were being told "everything is fine", there was maneuvering in back rooms, transferring funds, etc; and then filing under Chapter 11.

7b Attorneys: Skadden, Milbank, Bingham et al.

In addition to the allegations contained in Mr. Drew Niv's e-mail (see Exhibit D), it is arguable that there has been some irregular conduct by the various attorneys in this case. The material fact of a beneficial sale of the client list to Gain was concealed at the first hearing. Representatives from both Skadden and Bingham were present on that occasion. Earlier there was a secret payment to Michael A McNeil, who set up a group web site and accepted funds from other clients (see Exhibit G, an e-mail from Jerry Guevara) from other similarly situated customers. He was induced to drop an appeal for Chapter 7 liquidation and consolidation of all Refco entities, his argument being that FX contracts were generically "Commodity Futures" which receive statutory protection in such circumstances. If successful, this appeal would have entirely undermined the carefully hatched plan of the T H Lee directors and have derailed the entire bankruptcy process at a late stage.

The self-serving vacillation of Skadden in respect to the treatment of post-petition trading activity has been remarkable. The inconsistency between their position of 10 November 2005 and their arbitrary and absurd announcement of 8 June 2006 is below the standard one might reasonably expect of professional attorneys.

One might assume that Milbank, attorneys to the Official Creditors Committee, would take account of the fact that there were 15,000 small creditors, who have been the victim of the plan instigated by the T. H. Lee directors acting on improper advice from Skadden. However, they were amongst the most officious proponents of an unbalanced and inequitable Bankruptcy plan because they were the servants of a small number of high value Creditors at RCM, who dominated the workings of the Official Creditor Committee.

7c Request for Constructive Trust (see Exhibit F).

In circumstances where the Court is suspicious of wrongful acts it may impose a constructive trust. *Hong Kong v Reid A-G for Hong Kong* 1994 1 AC 234 is the latest development in this doctrine. The Privy Council, the highest Court in the commonwealth awarded a trust by way of remedy. The existence of a potential remedy under contract does not preclude an alternative remedy in equity (i.e. imposition of a trust). In the present case the plaintiff has been unable to obtain justice and therefore seeks a trust to remedy the undue preference amongst creditors arising from transfer of their funds on 12 October 2005. *Boardman v Phipps* 1967 2AC 46 and *Regal (Hastings) v Gulliver* 1967 2 AC 134 may also support this doctrine. In circumstances where there has been undue preference between classes of creditor a remedy based on equity -in other words imposition of a Constructive Trust- is an appropriate remedy.

The effect of successful administrative claims would reduce the sum available for the remainder of FX customers who did not trade to a minimal amount. Were it not for a legal loophole, that treats such FX

customers differently from Commodity and Securities customers, their position would have been secure. They now find themselves in a position worse off than the Bondholders who were supposed to bear business risk and little better off than the equity holders such as T H Lee. The original submission, Exhibit M, has detailed various other misrepresentations and also advanced an interpretation of how the term "collateral" is to be applied within the meaning of the contract read in its entirety. It was claimed that there had been an abuse of customer rights under the contract because collateral was used to secure the debts of Refco.

In sum there has been a miscarriage of justice that has resulted in a Bankruptcy plan that is detrimental to the entire class of unsecured creditors. It is therefore requested that the Court impose a constructive Trust.

I would like to repeat my request for damages against various parties and to reiterate a request for a Constructive Trust for FX clients. I request leave to include the issue of Constructive Trust in my appeal on Administrative Expenses.

8 FXCM.

Mr. Drew Niv was a director of Refco FX Japan and serious allegations have been made against him by Japanese clients. However, the fact that funds were transferred from FX designated accounts on 12 October 2005 indicates that the conspiracy to disadvantage FX clients at RFXA by coiningling their funds in securities accounts originally emanated from Skadden and T H Lee. It subsequently grew to include Milbank and Bingham but there is no evidence yet to impugn the reputation of Mr Niv. I have found him to be extremely honest and straight.

One may wonder what the significance of selling the Refco holding in FXCM is. As reported in Bloomberg, the Geneva based firm ACM bought Refco's stake for \$20.6 million (see Exhibit H). The managing directors had been particularly concerned to avoid being drawn into a liquidation and would have preferred to avoid a liquidation based on the Chapter 7 Commodity Liquidation arguments advanced by Michael A. McNeil on behalf of FX clients. FXCM may share such a fear that it would be dragged into liquidation. It would therefore prefer the remedy of a Constructive Trust.

9 Affidavits.

I am a pro se filer making this submission without professional advice. I do not know whether this class of hearing requires any affidavits as might be required in a trial hearing. I should be grateful if the Court would indicate what affidavits would assist the Court. I would like to make an affidavit concerning the extent of misrepresentation by Refco and about

any other material facts, which the Court thinks should be established.

Signed: ...Paul Palley..... *Paul Palley*

Dated: *2 May 2007*

Designation of Items.

Exhibit A Memorandum of Understanding FXCM Sale.

Refco docket 563 dated 10 November 2005 see Clause 4 at pages 3 and 4
or pages 15 and 16 in faxed numbers, pages included herewith.

SEE INSERTS

Exhibit B Claim in Account 03041118

UNITED STATES BANKUPTCY COURT SOUTHERN DISTRICT OF NEW YORK	
In re: REFCO INC., <u>et al.</u> , Debtors.	x Chapter 11 Case No. 05-60006 (RDD) (Jointly Administered)
	x

**REQUEST OF Paul Matthew Palley FOR PAYMENT OF
ADMINISTRATIVE CLAIM**

1. This request for payment of an administrative expense claim is made by **Paul Matthew Palley** ("Palley"), an account holder of Refco F/X Associates LLP ("Refco F/X") one of the above-captioned debtors herein. This request is made pursuant to sections 503(b)(1)(A) and 507(a)(2) of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code").

11/10/2005 11:51 FAX

EXHIBIT A. MEMORANDUM OF UNDER STANDING #015

DOCKET 563

C. The first sentence of Section 6.3 shall be amended to read as follows:

"FXCM shall be responsible for calculating the Gross Spreads and Net Spreads (Positive or Negative, as applicable), the Aggregate IB Commissions and the compensation due to FXCM and Refco or the relevant Designated Refco Affiliate for each Dealing Account and for the Dealing Accounts on an aggregate basis at the end of each Calculation Period, and shall promptly deliver to Refco or the relevant Designated Refco Affiliate a statement setting forth the foregoing amounts with reasonably adequate supporting details (each such statement, a "Compensation Statement").

3. Section 2 of the First Amendment to Facilities Management Agreement dated as of November 11 entitled General Advertising, shall not apply in its entirety during the Applicable Period (as defined in paragraph 6).

4. RGL, RFX, and FXCM recognize that (a) the result of continued trading in the Dealing Accounts in the ordinary course of business after the Petition Date may give rise to administrative expense claims pursuant to §§ 364(a) and 503(b)(1) of the Bankruptcy Code in favor of holders of Dealing Accounts who have trading gains during the Applicable Period, (b) the amount of cash that RFX has on hand with respect to the Dealing Accounts is less than the aggregate account balances of all Dealing Accounts, (c) the ultimate recovery to holders of RFX Dealing Accounts under the bankruptcy case may be less than 100% of the amount of the Dealing Accounts as of the Petition Date, (d) as a result of the foregoing, holders of Dealing Accounts who trade after the Petition Date may suffer losses in an amount that is greater than the amount that they may ultimately recover under the bankruptcy case on their Petition Date Dealing Account balances, and (e) as a result, the cash remaining at RFX after the termination of trading in Dealing Accounts may not be sufficient to pay all administrative expenses of the kind described in clause (a) of this paragraph. To protect both RFX customers and RFX's ability to pay its administrative claims, in the event and only in the event that (i) there is inadequate cash in the RFX estate to pay both any administrative priority claims of the holders of the Dealing Accounts of customers of RFX and the administrative priority claims of FXCM under this

11/10/2005 11:51 FAX

016

DOCKET 563

✓ Stipulation and (ii) the transactions contemplated by the MOU fail to close as a result of the breach of an obligation of FXCM under either the MOU or any definitive agreement executed by the parties hereto pursuant to the MOU and approved by the Bankruptcy Court, (x) FXCM shall subordinate any administrative expense claim it may have against RFX pursuant to this Stipulation to the administrative expense claims of holders of Dealing Accounts that are customers of RFX and (y) if after the subordination under clause (x) the administrative expense claims of the holders of Dealing Accounts that are customers of RFX are not paid in full, then FXCM shall pay the RFX estate the amount of cash necessary to permit payment in full of such administrative claims and such administrative claims only.

5. Either RGL, RFX, or FXCM may terminate the provisions of paragraphs 2, 3, and 4 of this Stipulation with or without cause by providing 10 days written notice thereof to the undersigned counsel, such notice to be effective upon sending of such notice by Federal Express or other overnight delivery service. Upon the termination of the provisions of paragraphs 2, 3, and 4 of this Stipulation under this paragraph, FXCM shall cooperate with RFX in halting all trading in all Dealing Accounts, effective upon the effective date of the termination, and in providing appropriate notice to holders of Dealing Accounts of the termination.

6. The provisions of paragraphs 2 and 4 of this Stipulation shall apply for the period beginning on October 18, 2005 and ending on the earlier to occur of (x) the date of the termination of paragraphs 2, 3, and 4 of this Stipulation, whether under paragraph 5 of this Stipulation or otherwise, (y) the closing of the transaction contemplated by the MOU or (z) the sale of all or any material portion of the To Be Acquired Assets (as defined in the MOU) other than as contemplated by the MOU (the "Applicable Period"). Any termination of paragraph 2 of this Stipulation shall not affect any liability of either RGL, RFX, or FXCM to the other for any

2. Prior to October 17, 2005, **Palley** entered into a customer agreement with Refco F/X (the “Customer Agreement”) for the purposes of trading foreign currency in Account 03041118.

3. On October 17, 2005 (the “Petition Date”), Refco F/X and various affiliated companies (collectively, the “Debtors”) filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

4. As of the Petition Date, **Palley**’s account with Refco F/X had an aggregate net equity of \$43,858.57.

5. Notwithstanding its bankruptcy filing, and at the invitation of Refco F/X, **Palley** continued to trade pursuant to the Customer Agreement after the Petition Date through July 31, 2006. **Palley**’s post-petition trading yielded a net gain of \$95,832.29 comprised of interest of \$8,937.60 and profit of trade of \$86,894.69. **Palley**’s post-petition trading conferred a post-petition benefit upon Refco F/X and its estate because it allowed Refco F/X to continue to operate as a going concern. Refco F/X’s ability to operate as a going concern post-petition augmented the value of Refco F/X for sale purposes and/or lent it the opportunity to reorganize. Accordingly, **Palley** is entitled to an administrative expense claim.

6. There is due and owing to **Palley**, as of the date hereof, the amount of \$76,410.16 in Account 03041118 (the “Administrative Claim”). No part of the Administrative Claim has been paid by Refco F/X or any of the Debtors to **Palley**.

7. The Administrative Claim is not subject to any setoff or counterclaim by Refco F/X or the Debtors.

8. No security interest is held for the Administrative Claim.

9. **Palley** reserves the right to amend and/or supplement this request to reflect any additional claims of whatever kind or nature that it has or may have against Refco F/X, its estate, and other parties in interest.

WHEREFORE, Palley respectfully requests allowance and payment of the Administrative Claim to **Palley**, as an administrative expense, pursuant to sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code.

Dated: September 19, 2006.

Paul Matthew
Palley

Exhibit C Claim in Account 03041016

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK	
In re:	x Chapter 11
REFCO INC., <u>et al.</u> ,	Case No. 05-60006 (RDD)
Debtors.	(Jointly Administered)

**REQUEST OF Paul Matthew Palley FOR PAYMENT OF
ADMINISTRATIVE CLAIM**

10. This request for payment of an administrative expense claim is made by **Paul Matthew Palley** ("PALLEY"), an account holder of Refco F/X Associates LLP ("Refco F/X") one of the above-captioned debtors herein. This request is made pursuant to sections 503(b) (1) (A) and 507(a)(2) of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code").

11. Prior to October 17, 2005, **Palley** entered into a customer agreement with Refco F/X (the "Customer Agreement") for the purposes of trading foreign currency in Account No 03041016.

12. On October 17, 2005 (the "Petition Date"), Refco F/X and various affiliated companies (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

13. As of the Petition Date, **Palley**'s account with Refco F/X had an aggregate net equity of \$36,006.59.

14. Notwithstanding its bankruptcy filing, and at the invitation of Refco F/X, **Palley** continued to trade pursuant to the Customer Agreement after the Petition Date through July 31, 2006. **Palley**'s post-petition trading yielded many individual post-petition dated profitable trades, the total amount of gross profits before deduction of loss making trades being in the region of \$75,000. **Palley**'s post-petition trading conferred a post-petition benefit upon Refco F/X and its estate because it allowed Refco F/X to continue to operate as a going concern. Refco F/X's ability to operate as a going concern post-petition augmented the value of Refco F/X for sale purposes and/or lent it the opportunity to reorganize. Accordingly, **Palley** is entitled to an administrative expense claim.

15. There is due and owing to **Palley**, as of the date hereof, the amount of \$11,962.70 in Account 03041016 (the "Administrative Claim"). No part of the Administrative Claim has been paid by Refco F/X or any of the Debtors to **Palley**.

16. The Administrative Claim is not subject to any setoff or counterclaim by Refco F/X or the Debtors.

17. No security interest is held for the Administrative Claim.

18. **Palley** reserves the right to amend and/or supplement this request to reflect any additional claims of whatever kind or nature that he has or may have against Refco F/X, its estate, and other parties in interest.

WHEREFORE, **Palley** respectfully requests allowance and payment of the

Administrative Claim to **Palley**, as an administrative expense, pursuant to sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code.

Dated: September 19, 2006

Paul Matthew Palley

Exhibit D an e-mail from Mr. Niv.

From: Drew Niv [mailto:dniv@fxcm.com]

Sent: Tuesday, March 27, 2007 2:58 PM

To: Norma LaVigne

Subject: Re: Your Chicago Attorney's research

Norma your cause is no bother to me and its dear enough my heart to help in any way I can, hopefully that doesn't sound too cheesy.

given what you told me about Mr McNeill settlement I see the logic in pursuing same case but the sum you are all requesting may be too large for them to do same type of nuisance settlement. if its a small group of you then go ahead but if its all 300 and we are talking millions then consider your options more carefully as their lawyers are more likely to fight and they have proven that when they fight they win.

when we all went ahead and sued refco we had two choices either argue

1. commodity broker liquidation (customers come first)
2. constructive trust (these are funds earmarked to be held in trust for customers and are not general corporate funds.)

argument 1 fell flat on its face as there are two hurdles that need to be met for the case to even be pursued and one of them is "is this a futures contract" and the answer is no and unfortunately there is too much case law saying that spot FX is not a futures contract.

argument 2 was constructive trust which was a good case as it makes sense but heavier fire power and a very biased judge towards larger creditors derailed us.

I am not sure we have written research around but I can make my general counsel available to your attorney for Q&A time on commodity law as that is his specialty, and I will also make him look over your brief if you send it to us to give you pointers. nevertheless this would not be the course of action I would recommend.

if you are appealing my gut would tell me to appeal argument 2 as that is what was argued initially. I would argue that when refco lawyers declared in October 2005 that these funds were not customer funds they were biased as they were serving the then existing board of directors (their client) which was mostly directors from THLEE the LBO fund. the LBO fund lives on its relationship with banks and other large creditors so it can go around doing more LBOs. As Refco's true assets disappeared in the fraud the only ones left were customer funds and if refco attorneys had not made the call they did the banks would be getting 20 cents on the dollar now and THLEE would be out of the LBO business. THLEE board

members and others were only removed spring of 2006 after outcry from US justice department who threatened to appoint its own trustee of refco if the board would not resign.

this argument is attractive because it will rattle Skadden arps (refco lawyers) and others as this is a criminal fraud case and no one wants to be implicated that they did anything wrong even slightly. its much more likely they would settle at this point which is probably the best outcome you can realistically hope for.

Drew Niv
Chief Executive Officer
Forex Capital Markets LLC
dniv@fxcm.com
Tel: 212-897-7660
Fax: 212-897-7669
www.fxcm.com

Exhibit E This is a Court docket unknown number and date, Oct-Dec 2005. Page from docket included herewith.

EXHIBIT E. TIMELINE OF TRANSFERS FROM COURT DOCKET

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ISBN 0-86486-922-0

WED. 21 OCT 2005

RECORDED IN THE OFFICE OF THE CLERK OF THE DISTRICT COURT OF CALIFORNIA, ON THE 20TH DAY OF JUNE, 1905, BY JAMES H. COOPER, NOTARY PUBLIC, FOR THE USE OF THE STATE OF CALIFORNIA, IN THE MATTER OF THE APPOINTMENT OF A SPECIAL AGENT TO INVESTIGATE THE CRIMINAL CONSPIRACY IN THE STATE OF CALIFORNIA, AND THE ASSASSINATION OF WILLIAM MCKEEAN, AND OTHERS.

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attachment

REPEAT EXHIBIT E

attachment

Timeline of Transfers between Various Refco Accounts
October 12, 2006 to November 1, 2006

Date	Trans- action	JP Morgan Chase 088-246579 (Refco Capital Markets L.L.C.)	Account Number (Name) [Page 1]					
			Euroclear 82937 (Refco Secs. L.C./MSIFX Assets NY)	Euroclear 11632 (Refco Secs., Refco Cap Mts., NY)	Euroclear 23038 (UPMC TBISPLK/Refco Cap Mkt. LON)	Euroclear 88909 (Refco Securities)	Euroclear 21838 (Refco Securities, Inc.)	Chase 0-8701 Securis
1	10/12/2006		(111 687,488)			31,037,488		
2	10/13/2006		(8,174,475)			8,174,475		
3	10/13/2006		(8,326,541)			8,326,541		
4	10/17/2006		(33,424,529)			33,424,529		
(5)	10/19/2006	UPS COH CCE						15
6	10/19/2006		1495 184 138	828,155,000				
7	10/19/2006		1133 877 138		125,827,138			
8	10/19/2006		128 827 138		128,827,138			
9	10/19/2006		(128,252,081)				128,252,081	
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Exhibit F.

Events generating constructive trusts

- Wrongs: A constructive trust can arise where the defendant breaches a duty owed to the claimant. The most common such breach is a breach of fiduciary duty. A fiduciary duty is a duty of loyalty and trust owed in various situations. Where a fiduciary makes a profit in breach of that duty, usually by using privileged information or diverting a profit making opportunity to himself instead of the person to whom the duty is owed, the profit is held on constructive trust for the person to whom the duty is owed. Examples include *Boardman v Phipps* [1967] 2 AC 46 and *Regal (Hastings) v Gulliver* [1967] 2 AC 134. A controversial example is the case of *A-G for Hong Kong v Reid* [1994] 1 AC 324, in which a senior prosecutor took bribes not to prosecute certain offenders. With the bribe money, he purchased property in New Zealand. His employer, the Attorney General, sought a declaration that the property was held on constructive trust for it, on the basis of breach of fiduciary duty. The Privy Council awarded a constructive trust. The case is different from *Regal (Hastings)* because there was no interference with a profit-making opportunity that properly belonged to the prosecutor. This area is highly controversial and may not represent the law in England because of the previous case of *Lister v Stubbs* (1890) 45 Ch D 1, which held the opposite, partially because a trust is a very strong remedy that gives proprietary rights to the plaintiff not enjoyed by the defendant's other creditors. In the event of the defendant's insolvency, the trust assets are untouchable by the general creditors. Supporters of *Lister v Stubbs* suggest that there is no good reason to put the victim of wrongdoing ahead of other creditors of the estate. However, Reid's case represents the most recent thinking of the highest court of appeal in the Commonwealth.

Exhibit G. an e-mail from J. Guevara.

"Jerry Guevara" <gag456@sbcglobal.net> [View Contact Details](#)

Arcus (www.arcus.com) has determined that this message was sent by [arcuscloud.com](#). [Learn more](#)

"Alan W. Nash" <alanwnash@sbcglobal.net>, ☯ "William Pearson" <wmgpearson@yahoo.com>, "Mellicker, Mark" <mmellicker@Focusfin.com>, "Norma LaVigne" <lavigne1@ix.netcom.com>, "Hjalmar Peters" <Hjalmar.Peters@gmx.de>, ☯ "Kevin Henry" <kevin_henry55@yahoo.com>, "kinnickj" <kinnickj@comcast.net>, "david bilodeau" <david.bilodeau@hec.ca>, ☯ "carmen olivetti" <carmenolivetti@yahoo.com.ar>, "Jairo" <jsantani@uno.edu>, "paul palley" <paul_palley@yahoo.co.uk>

Subject: Re: Settlement Agreement Approved - What now?

Date: Wed, 28 Mar 2007 12:39:05 -0500

If you guys decide to continue and are able to get into the appeal, I would be glad to join in, I would at that time present a copy of my cancelled check to McNeil to the court that clears states for "refco appeal" I think the fact he **cashed it proves he wasn't acting alone**. I didn't object because its a forgone conclusion to me Drain wants this mess to be over..however I think an appeals court might look differently. **I wouldn't want a lower court to see a check.**

Jerry

----- Original Message -----

From: Alan W. Nash

To: William Pearson ; Mellicker, Mark ; Norma LaVigne ; Hjalmar Peters ; Kevin Henry ; Kinnickj ; david bilodeau ; carmen olivetti ; Jairo ; Jerry Guevara ; paul palley ; Alan W. Nash

Sent: Wednesday, March 28, 2007 10:59 AM

Subject: Settlement Agreement Approved - What now?

Norma, Carmen Olivetti and I spoke at the hearing. Notwithstanding, the judge approved the settlement...

Exhibit H showing that Liquidation is undesirable.

Swiss	Currency	Firm	ACM	Buys	Back	Refco	Stake	for	\$20.6	Million

April 16 (Bloomberg) -- Advanced Currency Markets SA, a Geneva-based electronics broker, has repurchased its own shares from Refco Inc., the futures trader that went bankrupt after its top executive was

Accused of hiding debt.

ACM founders Lloyd La Marca, Alexander Axarlis and Nicholas Bang reacquired 768 of 3,000 outstanding shares from Refco creditors for about 25 million Swiss francs (\$20.6 million), ACM said today in an e-

mailed statement.

ACM has been negotiating for more than a year to regain control of its shares to avoid being sold or liquidated as part of Refco's bankruptcy. "All outstanding legal procedures" between ACM and Refco were closed as of April 13, ACM said. Refco, with debt of \$16.8 billion, filed the 15th-biggest bankruptcy in U.S. history days after former Chief Executive Officer Phillip Bennett was arrested in October 2005.

"ACM is here to stay," Managing Director Bang said in the statement. All of ACM's "shareholding is now in the hands of the people who care most about its future."

Exhibit I. Announcement of sale and proof of actual benefits. A Court docket may refer to this item, unknown date and number.

http://bankrupt.com/TCRLA_Public/061212.mbx REFCO INC: GAIN
Capital Wins FXA's Customer List for US\$750,000
REFCO INC: To Present 16 Witnesses at Plan Confirmation Hearing

Exhibit J Too long be sent in full

Spreadsheet for account 03041016. Sample pages enclosed.

Exhibit K Too long be sent in full

Spreadsheet for account 03041118. Sample pages enclosed.

Exhibit L This document has a Docket number

Constructive trust case ruling (Judge Drain). Court Docket number unknown. Date Nov Dec 2006.

Exhibit M This document has a Docket. Unknown number

Chambers Copy. Attn: Judge Robert D. Drain.

Paul Palley. 2983 and 3304 Motions for Claim.
25 Pearman St. Proofs of Claim 14178 and 6985.
London SE1 7RB. (and 6980)
U.K. AC.s 03041016 and 03041118.

Tel: 00 44 20 7261 0750

**Claimant for Administrative Expenses.
United States Bankruptcy Court.
Southern District of New York.**

**In re: Refco et al. Debtors.
Chapter 11**

CLOSED TRADE LIST

Ticket Currency	Volume	Date	Sold	Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01462086 USD/JPY	300,000.00	04/03/06, 05:17	118.60							Mkt	fx0304101E	fx0304101E
		04/03/06, 07:57	118.43	430.63	0.00	0.00			430.63	C	fx0304101E	fx0304101E
01462718 EUR/CHF	100,000.00	04/03/06, 18:32	1.5825							Mkt	fx0304101E	fx0304101E
		04/04/06, 10:03	1.5805	155.31	0.00	0.00			155.31	C	fx0304101E	fx0304101E
01462719 USD/CHF	100,000.00	04/03/06, 18:32	1.3046							Mkt	fx0304101E	fx0304101E
		04/04/06, 03:49	1.3021	192.00	0.00	0.00			192.00	C	fx0304101E	fx0304101E
		04/24/06, 09:42	142.00	739.71	0.00	-172.00			567.71	L	fx0304101E	U100R6_EX
01463452 USD/JPY	100,000.00	04/04/06, 10:01	117.30							Mkt	fx0304101E	fx0304101E
		04/21/06, 15:45	116.64	565.84	0.00	-254.60			311.24	C	fx0304101E	fx0304101E
01463457 USD/JPY	100,000.00	04/04/06, 10:03	117.30							Mkt	fx0304101E	fx0304101E
		04/21/06, 09:05	116.84	393.70	0.00	-254.60			139.10	C	fx0304101E	fx0304101E
01463460 USD/JPY	100,000.00	04/04/06, 10:03	117.30							Mkt	fx0304101E	fx0304101E
		04/21/06, 09:05	116.85	385.11	0.00	-254.60			130.51	C	fx0304101E	fx0304101E
01463461 USD/JPY	100,000.00	04/04/06, 10:04	117.31							Mkt	fx0304101E	fx0304101E
		04/21/06, 09:05	116.85	393.67	0.00	-254.60			139.07	C	fx0304101E	fx0304101E
01463466 EUR/JPY	100,000.00	04/04/06, 10:06	143.88							Mkt	fx0304101E	fx0304101E
		04/07/06, 07:45	143.51	314.01	0.00	-43.00			271.01	C	fx0304101E	fx0304101E
01463474 EUR/JPY	100,000.00	04/04/06, 10:10	143.96							Mkt	fx0304101E	fx0304101E
		04/06/06, 11:55	143.79	144.40	0.00	-34.40			110.00	C	fx0304101E	fx0304101E
01463783 EUR/CHF	100,000.00	04/04/06, 17:47	1.5811							Mkt	fx0304101E	fx0304101E
		04/05/06, 06:35	1.5794	131.93	0.00	0.00			131.93	C	fx0304101E	fx0304101E
01464255 USD/JPY	100,000.00	04/05/06, 06:36	117.56							Mkt	fx0304101E	fx0304101E
		04/05/06, 15:57	117.41	127.76	0.00	0.00			127.76	C	fx0304101E	fx0304101E
01466248 USD/CHF	100,000.00	04/06/06, 13:30	1.2905							Mkt	fx0304101E	fx0304101E
		04/18/06, 05:33	1.2750	1,215.69	0.00	-106.50			1,109.19	L	fx0304101E	U100R6_EX
01466250 USD/JPY	100,000.00	04/06/06, 13:31	117.86							Mkt	fx0304101E	fx0304101E
		04/18/06, 18:49	117.00	735.04	0.00	-147.40			587.64	L	fx0304101E	U100R6_EX
01466743 USD/JPY	100,000.00	04/07/06, 07:46	117.82							Mkt	fx0304101E	fx0304101E
		04/18/06, 16:30	117.25	486.14	0.00	-120.60			365.54	L	fx0304101E	U100R6_EX
01467411 USD/CHF	100,000.00	04/07/06, 10:45	1.2995							Mkt	fx0304101E	fx0304101E
		04/16/06, 21:33	1.2900	736.43	0.00	-85.20			651.23	L	fx0304101E	U100R6_EX

CLOSED TRADE LIST

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Ticket Currency	Volume	Date	Sold	Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01467504 USD/JPY	100,000.00	04/11/06, 06:09	118.70		849.62	0.00	-80.40		769.22	L	fx0304101f U100R6_EX	
		04/17/06, 08:23	117.70								fx0304101f U100R6_EX	
01467538 EUR/JPY	100,000.00	04/18/06, 18:08	144.75		144.49	221.82	0.00	-34.40	187.42	C	fx0304101f rk0304101f	
		04/21/06, 06:49									fx0304101f rk0304101f	
01476382 EUR/USD	100,000.00	04/21/06, 14:20	1.2343		04/26/06, 20:29	1.2452	-1,080.00	0.00	-53.55	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01476903 USD/CHF	100,000.00	04/24/06, 03:42	1.2690		04/27/06, 11:11	1.2602	698.30	0.00	-63.90	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01477612 USD/JPY	100,000.00	04/24/06, 18:00	114.72		04/27/06, 11:12	114.02	613.93	0.00	-53.60	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01477292 EUR/JPY	100,000.00	04/25/06, 08:24	142.35		05/08/06, 08:27	141.96	350.37	0.00	-112.40	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01477298 EUR/CHF	100,000.00	04/25/06, 10:22	1.2730		04/25/06, 11:07	1.2690	315.21	0.00	0.00	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01477296 EUR/CHF	100,000.00	04/25/06, 11:02	1.5745		04/28/06, 06:29	1.5723	175.59	0.00	-30.90	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01478462 AUD/USD	100,000.00	04/25/06, 11:55	0.7449		06/06/06, 10:51	0.7437	120.00	0.00	-63.30	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01478466 USD/JPY	100,000.00	04/25/06, 11:57	114.78		04/27/06, 11:11	114.00	684.21	0.00	-53.60	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01478467 USD/JPY	100,000.00	04/25/06, 11:57	114.79		04/27/06, 11:11	114.01	684.15	0.00	-53.60	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01478469 USD/CHF	100,000.00	04/25/06, 11:58	1.2687		04/27/06, 11:12	1.2606	642.55	0.00	-53.25	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01478779 USD/JPY	100,000.00	04/26/06, 03:23	115.07		04/26/06, 11:24	114.82	217.73	0.00	0.00	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01478780 EUR/JPY	100,000.00	04/26/06, 03:23	142.89		04/27/06, 04:40	142.66	200.52	0.00	-34.40	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01478782 EUR/CHF	100,000.00	04/26/06, 03:25	1.5764		04/28/06, 05:15	1.5737	215.39	0.00	-25.75	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	
01478959 USD/JPY	100,000.00	04/26/06, 07:28	115.15		04/26/06, 10:37	114.86	252.48	0.00	0.00	Mkt	fx0304101f rk0304101f	
											fx0304101f rk0304101f	

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Ticket Currency	Volume	Date	Sold	Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by
01478962 EUR/JPY	100,000.00	04/26/06, 07:29	142.96							Mkt	fx0304101€ fx0304101€
		04/26/06, 10:37	142.78	156.73	0.00	0.00			156.73	C	fx0304101€ fx0304101€
01479415 USD/CHF	100,000.00	04/26/06, 11:21	1.2696							Mkt	fx0304101€ fx0304101€
		04/27/06, 11:11	1.2602	745.91	0.00	-42.60			703.31	C	fx0304101€ fx0304101€
01479696 USD/CHF	100,000.00	04/26/06, 21:10	1.2683							Mkt	fx0304101€ fx0304101€
		04/27/06, 11:12	1.2606	610.82	0.00	0.00			610.82	C	fx0304101€ fx0304101€
01479926 EUR/CHF	100,000.00	04/27/06, 08:00	1.5810							Mkt	fx0304101€ fx0304101€
		04/27/06, 14:22	1.5789	166.78	0.00	0.00			166.78	C	fx0304101€ fx0304101€
01480617 EUR/JPY	100,000.00	04/27/06, 14:24	142.92							Mkt	fx0304101€ fx0304101€
		05/08/06, 08:26	141.96	862.46	0.00	-69.40			793.06	C	fx0304101€ fx0304101€
01480704 USD/CAD	100,000.00	04/27/06, 17:24	1.1225							Mkt	fx0304101€ fx0304101€
		04/28/06, 05:18	1.1241	142.34	0.00	0.00			142.34	C	fx0304101€ fx0304101€
01480705 USD/JPY	100,000.00	04/27/06, 17:27	114.17							Mkt	fx0304101€ fx0304101€
		04/28/06, 12:09	113.76	360.41	0.00	0.00			360.41	C	fx0304101€ fx0304101€
01480957 USD/JPY	100,000.00	04/28/06, 05:16	114.12							Mkt	fx0304101€ fx0304101€
		05/02/06, 08:22	113.28	741.53	0.00	-93.80			647.73	C	fx0304101€ fx0304101€
01481006 GBP/USD	100,000.00	04/28/06, 06:30	1.8078							Mkt	fx0304101€ fx0304101€
		05/02/06, 15:51	1.8415	-3,370.00	0.00	-2.10			-3,372.10	Mkt	fx0304101€ fx0304101€
01480958 USD/JPY	100,000.00	04/28/06, 08:07	114.35							LE	fx0304101€ U100R6_EX
		04/28/06, 12:09	113.75	527.47	0.00	0.00			527.47	C	fx0304101€ fx0304101€
01481193 EUR/JPY	100,000.00	04/28/06, 09:40	143.37							Mkt	fx0304101€ fx0304101€
		05/02/06, 15:34	143.00	326.97	0.00	-51.60			275.37	C	fx0304101€ fx0304101€
01481196 USD/JPY	100,000.00	04/28/06, 09:43	114.13							Mkt	fx0304101€ fx0304101€
		04/28/06, 12:09	113.75	334.07	0.00	0.00			334.07	C	fx0304101€ fx0304101€
01483286 USD/JPY	100,000.00	05/02/06, 04:00	113.80							Mkt	fx0304101€ fx0304101€
		05/02/06, 05:39	113.57	202.52	0.00	0.00			202.52	C	fx0304101€ fx0304101€
01483381 EUR/CHF	100,000.00	05/02/06, 05:41	1.5621							Mkt	fx0304101€ fx0304101€
		05/02/06, 17:45	1.5610	88.91	0.00	-5.15			83.76	C	fx0304101€ fx0304101€
01483383 AUD/USD	100,000.00	05/02/06, 05:41	0.7597							Mkt	fx0304101€ fx0304101€
		05/19/06, 08:30	0.7583	140.00	0.00	-28.35			111.65	C	fx0304101€ fx0304101€
01483500 USD/CAD	100,000.00	05/02/06, 07:37	1.1095							Mkt	fx0304101€ fx0304101€
		05/04/06, 03:51	1.1133	341.33	0.00	-11.30			330.03	C	fx0304101€ fx0304101€

Ex. 5 cont'd.

CLOSED TRADE LIST

Ticket Currency	Volume	Date	Sold	Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01483503 USD/JPY	100,000.00	05/02/06, 07:38	113.72							Mkt	rfx0304101€	rfx0304101€
		05/02/06, 08:22	113.29	379.56	0.00	0.00			379.56	C	rfx0304101€	rfx0304101€
01483504 EUR/CHF	100,000.00	05/02/06, 07:39	1.5621							Mkt	rfx0304101€	rfx0304101€
		05/02/06, 15:34	1.5616	40.45	0.00	0.00			40.45	C	rfx0304101€	rfx0304101€
01483712 USD/JPY	100,000.00	05/02/06, 10:16	113.50							Mkt	rfx0304101€	rfx0304101€
		05/02/06, 15:34	113.18	282.74	0.00	0.00			282.74	C	rfx0304101€	rfx0304101€
01483716 USD/JPY	100,000.00	05/02/06, 10:17	113.50							Mkt	rfx0304101€	rfx0304101€
		05/02/06, 15:34	113.18	282.74	0.00	0.00			282.74	C	rfx0304101€	rfx0304101€
01483976 USD/JPY	100,000.00	05/02/06, 15:56	113.23							Mkt	rfx0304101€	rfx0304101€
		05/03/06, 02:45	112.95	247.90	0.00	0.00			247.90	C	rfx0304101€	rfx0304101€
01483978 EUR/USD	100,000.00	05/02/06, 15:59	1.2623							Mkt	rfx0304101€	rfx0304101€
		05/03/06, 02:44	1.2666	430.00	0.00	-7.65			422.35	C	rfx0304101€	rfx0304101€
01483986 USD/CHF	100,000.00	05/02/06, 16:17	1.2364							Mkt	rfx0304101€	rfx0304101€
		05/03/06, 02:44	1.2301	512.15	0.00	-10.65			501.50	C	rfx0304101€	rfx0304101€
01483990 GBP/USD	100,000.00	05/02/06, 16:20	1.8403							Mkt	rfx0304101€	rfx0304101€
		05/03/06, 02:43	1.8471	680.00	0.00	-2.10			677.90	C	rfx0304101€	rfx0304101€
01484025 USD/JPY	100,000.00	05/02/06, 17:46	113.39							Mkt	rfx0304101€	rfx0304101€
		05/03/06, 02:44	112.95	389.55	0.00	0.00			389.55	C	rfx0304101€	rfx0304101€
01484246 EUR/JPY	100,000.00	05/03/06, 02:46	143.06							Mkt	rfx0304101€	rfx0304101€
		05/08/06, 08:26	141.96	988.14	0.00	-9.20			978.94	C	rfx0304101€	rfx0304101€
01484266 USD/JPY	100,000.00	05/03/06, 03:15	113.12							Mkt	rfx0304101€	rfx0304101€
		05/05/06, 11:24	112.38	658.48	0.00	0.00			658.48	C	rfx0304101€	rfx0304101€
01484297 USD/JPY	100,000.00	05/03/06, 03:58	113.24							Mkt	rfx0304101€	rfx0304101€
		05/05/06, 11:24	112.38	765.26	0.00	0.00			765.26	C	rfx0304101€	rfx0304101€
01484300 EUR/USD	100,000.00	05/03/06, 03:58	1.2626							Mkt	rfx0304101€	rfx0304101€
		05/03/06, 13:08	1.2641	-150.00	0.00	0.00			-150.00	Mkt	rfx0304101€	rfx0304101€
01484301 USD/JPY	100,000.00	05/03/06, 03:59	113.28							LE	rfx0304101€	U100R6_EX
		05/05/06, 11:24	112.38	800.85	0.00	0.00			800.85	C	rfx0304101€	rfx0304101€
01484302 USD/JPY	100,000.00	05/03/06, 10:44	113.70							Mkt	rfx0304101€	rfx0304101€
		05/03/06, 13:03	113.56	123.28	0.00	0.00			123.28	C	rfx0304101€	rfx0304101€
01484835 GBP/USD	100,000.00	05/03/06, 13:05	1.8433							Mkt	rfx0304101€	rfx0304101€
		05/04/06, 11:14	1.8480	470.00	0.00	-6.30			463.70	C	rfx0304101€	rfx0304101€

Ex J. contd.

CLOSED TRADE LIST

Ticket Currency	Volume	Date	Sold	Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01484838 AUD/USD	100,000.00	05/03/06, 13:07	0.7703							Mkt	rx0304101€	rx0304101€
		05/03/06, 18:56	0.7688	150.00	0.00	-4.35			145.65	C	rx0304101€	rx0304101€
01484878 USD/JPY	100,000.00	05/03/06, 13:56	113.75							Mkt	rx0304101€	rx0304101€
		05/05/06, 09:01	113.38	326.34	0.00	0.00			326.34	C	rx0304101€	rx0304101€
01484841 USD/JPY	100,000.00	05/03/06, 14:02	113.80							LE	rx0304101€	U100R6_EX
		05/03/06, 16:49	113.63	149.61	0.00	0.00			149.61	C	rx0304101€	rx0304101€
01484911 EUR/USD	100,000.00	05/03/06, 15:40	1.2628							Mkt	rx0304101€	rx0304101€
		05/04/06, 11:14	1.2680	520.00	0.00	-22.95			497.05	C	rx0304101€	rx0304101€
01484926 EUR/JPY	100,000.00	05/03/06, 17:10	143.52							Mkt	rx0304101€	rx0304101€
		05/05/06, 11:24	143.01	453.86	0.00	0.00			453.86	C	rx0304101€	rx0304101€
01484980 EUR/CHF	100,000.00	05/04/06, 02:50	1.5645							LE	rx0304101€	U100R6_EX
		05/04/06, 03:50	1.5618	217.93	0.00	0.00			217.93	C	rx0304101€	rx0304101€
01485248 EUR/USD	100,000.00	05/04/06, 06:19	1.2597							Mkt	rx0304101€	rx0304101€
		05/04/06, 11:14	1.2679	820.00	0.00	0.00			820.00	C	rx0304101€	rx0304101€
01484840 EUR/USD	100,000.00	05/04/06, 10:18	1.2675							SE	rx0304101€	U100R6_EX
		05/04/06, 11:16	1.2686	110.00	0.00	0.00			110.00	C	rx0304101€	rx0304101€
01485688 USD/JPY	100,000.00	05/04/06, 11:15	113.41							Mkt	rx0304101€	rx0304101€
		05/05/06, 11:23	112.39	907.55	0.00	0.00			907.55	C	rx0304101€	rx0304101€
01485690 EUR/JPY	100,000.00	05/04/06, 11:17	143.88							Mkt	rx0304101€	rx0304101€
		05/05/06, 11:24	143.01	774.30	0.00	0.00			774.30	C	rx0304101€	rx0304101€
01485973 EUR/JPY	100,000.00	05/04/06, 19:12	144.26							Mkt	rx0304101€	rx0304101€
		05/05/06, 11:23	143.02	1,103.50	0.00	0.00			1,103.50	C	rx0304101€	rx0304101€
01486113 AUD/USD	100,000.00	05/05/06, 08:06	0.7699							LE	rx0304101€	U100R6_EX
		05/09/06, 05:15	0.7644	550.00	0.00	-2.90			547.10	C	rx0304101€	rx0304101€
01491010 EUR/JPY	100,000.00	05/11/06, 13:39	141.78							Mkt	rx0304101€	rx0304101€
		05/12/06, 08:13	141.61	155.07	0.00	-9.20			145.87	C	rx0304101€	rx0304101€
01492065 EUR/JPY	100,000.00	05/12/06, 10:10	141.84							Mkt	rx0304101€	rx0304101€
		05/15/06, 09:13	141.52	290.13	0.00	-9.20			280.93	C	rx0304101€	rx0304101€
01492067 AUD/USD	100,000.00	05/12/06, 10:11	0.7768							Mkt	rx0304101€	rx0304101€
		05/12/06, 13:04	0.7719	490.00	0.00	0.00			490.00	C	rx0304101€	rx0304101€
01492071 EUR/CHF	100,000.00	05/12/06, 10:13	1.5505							Mkt	rx0304101€	rx0304101€
		05/12/06, 10:13	1.5513	-66.58	0.00	0.00			-66.58	Mkt	rx0304101€	rx0304101€

Ex J. contd.

CLOSED TRADE LIST

Ticket Currency	Volume	Date	Sold Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01493058 EUR/CHF	100,000.00	05/15/06, 09:15	1.5509	148.10	0.00	-10.30		137.80	Mkt	rx0304101€	rx0304101€
		05/17/06, 12:35	1.5491						C	rx0304101€	rx0304101€
01493060 EUR/GBP	100,000.00	05/15/06, 09:15	0.6814	113.07	0.00	-56.00		57.07	Mkt	rx0304101€	rx0304101€
		05/23/06, 07:56	0.6820						C	rx0304101€	rx0304101€
01493272 EUR/USD	100,000.00	05/15/06, 14:17	1.2813	390.00	0.00	-8.95		381.05	Mkt	rx0304101€	rx0304101€
		05/16/06, 10:57	1.2852						C	rx0304101€	rx0304101€
01493319 USD/JPY	100,000.00	05/15/06, 16:25	110.46	163.22	0.00	-13.90		149.32	Mkt	rx0304101€	rx0304101€
		05/16/06, 04:05	110.28						C	rx0304101€	rx0304101€
01494033 EUR/USD	100,000.00	05/16/06, 13:10	1.2828	150.00	0.00	0.00		150.00	Mkt	rx0304101€	rx0304101€
		05/16/06, 14:15	1.2843						C	rx0304101€	rx0304101€
01494170 EUR/JPY	100,000.00	05/16/06, 18:32	140.90	546.97	0.00	0.00		546.97	Mkt	rx0304101€	rx0304101€
		05/17/06, 10:42	140.30						C	rx0304101€	rx0304101€
01494171 EUR/USD	100,000.00	05/16/06, 18:33	1.2859	340.00	0.00	0.00		340.00	Mkt	rx0304101€	rx0304101€
		05/17/06, 04:13	1.2893						C	rx0304101€	rx0304101€
01494435 AUD/USD	100,000.00	05/17/06, 04:18	0.7712	690.00	0.00	0.00		690.00	Mkt	rx0304101€	rx0304101€
		05/17/06, 10:42	0.7643						C	rx0304101€	rx0304101€
01494955 EUR/USD	100,000.00	05/17/06, 10:45	1.2796	310.00	0.00	-26.85		283.15	Mkt	rx0304101€	rx0304101€
		05/18/06, 15:03	1.2827						C	rx0304101€	rx0304101€
01493779 EUR/USD	100,000.00	05/17/06, 11:58	1.2725	170.00	0.00	0.00		170.00	LE	rx0304101€	U100R6_EX
		05/17/06, 12:32	1.2742						C	rx0304101€	rx0304101€
01495104 EUR/JPY	100,000.00	05/17/06, 12:33	140.78	3,587.87	0.00	-248.40		-3,836.27	Mkt	rx0304101€	rx0304101€
		06/13/06, 10:20	144.91						MC	U100R6_EX	U100R6_EX
01495106 EUR/USD	100,000.00	05/17/06, 12:38	1.2747	370.00	0.00	-26.85		343.15	Mkt	rx0304101€	rx0304101€
		05/18/06, 05:13	1.2784						C	rx0304101€	rx0304101€
01495200 EUR/JPY	100,000.00	05/17/06, 15:14	141.42	3,031.88	0.00	-248.40		-3,280.28	Mkt	rx0304101€	rx0304101€
		06/13/06, 10:20	144.91						C	rx0304101€	rx0304101€
01495204 GBP/USD	100,000.00	05/17/06, 15:21	1.8822	520.00	0.00	-9.90		510.10	Mkt	rx0304101€	rx0304101€
		05/18/06, 05:12	1.8874						C	rx0304101€	rx0304101€
01495533 USD/JPY	100,000.00	05/18/06, 05:14	110.66	2,114.11	0.00	-194.60		-2,308.71	SE	rx0304101€	rx0304101€
		06/01/06, 06:40	113.05						C	rx0304101€	rx0304101€
01495633 USD/JPY	100,000.00	05/18/06, 07:31	111.10	424.84	0.00	0.00		424.84	Mkt	rx0304101€	rx0304101€
		05/18/06, 11:11	110.63						C	rx0304101€	rx0304101€

RefcoFX Associates

Palley Paul
 25 Pearman Street
 London Se1 7hb, Uk se1 7hb
 United Kingdom
 Locked Trade account # 03041118
 Created at June 07, 2005

Exhibit ↵ Sample Page

Combined Account Statement

Statement Period:
 October 17, 2005 17:00 through July 31, 2006 17:00

CLOSED TRADE LIST

Ticket Currency	Volume	Date	Sold	Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01272843 GBP/USD	100,000.00	10/03/05, 06:36		1.7552						Mkt	rfx0304101€ rfx0304101€	
		10/20/05, 16:21	1.7739		1,870.00	0.00	62.70		1,932.70	C	rfx0304101€ rfx0304101€	
01279293 EUR/GBP	100,000.00	10/05/05, 17:17	0.6795							LE	rfx0304101€ U100R6_EX	
		10/20/05, 04:19	0.6788		123.43	0.00	91.00		214.43	C	rfx0304101€ rfx0304101€	
01281581 EUR/GBP	100,000.00	10/06/05, 09:17	0.6825							LE	rfx0304101€ U100R6_EX	
		10/19/05, 02:53	0.6812		226.91	0.00	70.00		296.91	C	rfx0304101€ rfx0304101€	
01285598 GBP/USD	100,000.00	10/07/05, 08:43		1.7628						Mkt	rfx0304101€ rfx0304101€	
		11/04/05, 06:30	1.7653		250.00	0.00	89.10		339.10	C	rfx0304101€ rfx0304101€	
01286576 GBP/USD	100,000.00	10/09/05, 19:10		1.7575						LE	rfx0304101€ U100R6_EX	
		10/25/05, 15:09	1.7841		2,660.00	0.00	49.50		2,709.50	C	rfx0304101€ rfx0304101€	
01279285 GBP/USD	100,000.00	10/10/05, 08:33	1.7550		1,180.00	0.00	42.90		1,222.90	C	rfx0304101€ U100R6_EX	
		10/21/05, 12:39	1.7668							Mkt	rfx0304101€ rfx0304101€	
01288625 GBP/USD	100,000.00	10/10/05, 08:38	1.7551		2,010.00	0.00	42.90		2,052.90	C	rfx0304101€ rfx0304101€	
		10/21/05, 00:43	1.7752							Mkt	rfx0304101€ rfx0304101€	
01289007 GBP/USD	100,000.00	10/10/05, 10:55	1.7522							Mkt	rfx0304101€ rfx0304101€	
		10/25/05, 15:08	0.7570	0.7558	120.00	0.00	45.50		165.50	C	rfx0304101€ rfx0304101€	
01290957 AUD/USD	100,000.00	10/11/05, 07:37		0.7558	1,110.00	0.00	39.60		1,149.60	LE	rfx0304101€ rfx0304101€	
		10/20/05, 04:23	1.7633							Mkt	rfx0304101€ rfx0304101€	
01304421 EUR/GBP	100,000.00	10/17/05, 11:12	0.6860							Mkt	rfx0304101€ rfx0304101€	
		10/18/05, 09:53	0.6836	419.48	0.00	7.00			426.48	C	rfx0304101€ rfx0304101€	
01304769 USD/CAD	100,000.00	10/17/05, 14:38	1.1811							Mkt	rfx0304101€ rfx0304101€	
		10/18/05, 09:53	1.1829	152.17	0.00	2.65			154.82	C	rfx0304101€ rfx0304101€	
01307167 USD/CAD	100,000.00	10/18/05, 12:54	1.1810							Mkt	rfx0304101€ rfx0304101€	
		10/19/05, 03:21	1.1814	33.86	0.00	2.65			36.51	C	rfx0304101€ rfx0304101€	

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CLOSED TRADE LIST

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Ticket Currency	Volume	Date	Sold Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01307171 GBP/USD	100,000.00	10/18/05, 14:38	1.7480	150.00	0.00	0.00		150.00	L.E	fx0304101€ fx0304101€	U100R6_EX
		10/18/05, 14:47	1.7495						C	fx0304101€ fx0304101€	
01307486 USD/CAD	100,000.00	10/18/05, 15:54	1.1785	194.78	0.00	2.65		197.43	Mkt	fx0304101€ fx0304101€	
		10/19/05, 02:53	1.1808						C	fx0304101€ fx0304101€	
01307623 GBP/USD	100,000.00	10/18/05, 18:35	1.7505	1,270.00	0.00	9.90		1,279.90	Mkt	fx0304101€ fx0304101€	
		10/20/05, 04:20	1.7632						C	fx0304101€ fx0304101€	
01308537 EUR/CHF	100,000.00	10/19/05, 04:15	1.5524	30.83	0.00	0.00		30.83	Mkt	fx0304101€ fx0304101€	
		10/19/05, 13:18	1.5528						C	fx0304101€ fx0304101€	
01307689 EUR/CHF	100,000.00	10/19/05, 04:41	1.5520	23.13	0.00	0.00		23.13	L.E	fx0304101€ fx0304101€	
		10/19/05, 12:57	1.5523						C	fx0304101€ fx0304101€	
01308695 USD/CAD	100,000.00	10/19/05, 05:19	1.1809	50.78	0.00	10.60		61.38	Mkt	fx0304101€ fx0304101€	
		10/21/05, 09:55	1.1815						C	fx0304101€ fx0304101€	
01308672 USD/CAD	100,000.00	10/19/05, 11:50	1.1770	59.44	0.00	7.95		67.39	Mkt	fx0304101€ fx0304101€	
		10/20/05, 16:18	1.1777						C	fx0304101€ fx0304101€	
01311045 EUR/GBP	100,000.00	10/20/05, 07:23	0.6769	53.16	0.00	0.00		53.16	Mkt	fx0304101€ fx0304101€	
		10/20/05, 11:41	0.6766						C	fx0304101€ fx0304101€	
01311073 EUR/CHF	100,000.00	10/20/05, 07:52	1.5516	184.25	0.00	288.70		472.95	Mkt	fx0304101€ fx0304101€	
		12/20/05, 08:17	1.5540						C	fx0304101€ fx0304101€	
01311612 USD/CAD	100,000.00	10/20/05, 11:47	1.1743	237.87	0.00	0.00		237.87	Mkt	fx0304101€ fx0304101€	
		10/20/05, 12:18	1.1771						C	fx0304101€ fx0304101€	
01311687 EUR/CHF	100,000.00	10/20/05, 12:20	1.5480	76.29	0.00	144.00		220.29	Mkt	fx0304101€ fx0304101€	
		11/21/05, 04:44	1.5490						C	fx0304101€ fx0304101€	
01312562 USD/CAD	100,000.00	10/20/05, 23:50	1.1775	330.12	0.00	0.00		330.12	Mkt	fx0304101€ fx0304101€	
		10/21/05, 09:55	1.1814						C	fx0304101€ fx0304101€	
01313386 EUR/GBP	100,000.00	10/21/05, 09:58	0.6772	247.70	0.00	0.00		247.70	Mkt	fx0304101€ fx0304101€	
		10/21/05, 11:57	0.6758						C	fx0304101€ fx0304101€	
01314725 EUR/CHF	100,000.00	10/24/05, 02:19	1.5440	77.25	0.00	0.00		77.25	Mkt	fx0304101€ fx0304101€	
		10/24/05, 04:50	1.5450						C	fx0304101€ fx0304101€	
01314740 GBP/USD	100,000.00	10/24/05, 02:39	1.7665	250.00	0.00	3.30		253.30	Mkt	fx0304101€ fx0304101€	
		10/24/05, 18:02	1.7690						C	fx0304101€ fx0304101€	
01315262 EUR/GBP	100,000.00	10/24/05, 10:52	0.6772	70.76	0.00	7.00		77.76	Mkt	fx0304101€ fx0304101€	
		10/24/05, 18:12	0.6768						C	fx0304101€ fx0304101€	

Ex. K contd.

CLOSED TRADE LIST

Ticket Currency	Volume	Date	Sold	Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01315882 EUR/CHF	100,000.00	10/24/05, 18:03		1.5432						Mkt	rx0304101e	rx0304101e
		10/25/05, 04:37	1.5442		77.87	0.00	0.00		77.87	C	rx0304101e	rx0304101e
01315951 GBP/USD	100,000.00	10/24/05, 19:37		1.7674						Mkt	rx0304101e	rx0304101e
		10/25/05, 04:36	1.7748		740.00	0.00	0.00		740.00	C	rx0304101e	rx0304101e
01316231 EUR/GBP	100,000.00	10/25/05, 01:55		0.6770						Mkt	rx0304101e	rx0304101e
		10/31/05, 10:05	0.6767		53.17	0.00	42.00		95.17	C	rx0304101e	rx0304101e
01317672 EUR/CHF	100,000.00	10/25/05, 13:18		1.5450						Mkt	rx0304101e	rx0304101e
		10/26/05, 09:36	1.5470		156.10	0.00	4.80		160.90	C	rx0304101e	rx0304101e
01317797 USD/CAD	100,000.00	10/25/05, 15:12		1.1767						Mkt	rx0304101e	rx0304101e
		10/28/05, 14:43	1.1779		101.88	0.00	13.25		115.13	C	rx0304101e	rx0304101e
01317880 AUD/USD	100,000.00	10/25/05, 17:03		0.7569						Mkt	rx0304101e	rx0304101e
		10/27/05, 01:01	0.7579		100.00	0.00	9.75		109.75	C	rx0304101e	rx0304101e
01319124 GBP/USD	100,000.00	10/26/05, 09:37		1.7775						Mkt	rx0304101e	rx0304101e
		10/27/05, 01:02	1.7841		660.00	0.00	9.90		669.90	C	rx0304101e	rx0304101e
01320326 USD/CAD	100,000.00	10/27/05, 01:06		1.1691						Mkt	rx0304101e	rx0304101e
		10/27/05, 12:03	1.1698		59.84	0.00	0.00		59.84	C	rx0304101e	rx0304101e
01320901 EUR/GBP	100,000.00	10/27/05, 06:32		0.6801						Mkt	rx0304101e	rx0304101e
		10/31/05, 04:54	0.6781		355.95	0.00	14.00		369.95	C	rx0304101e	rx0304101e
01321494 AUD/USD	100,000.00	10/27/05, 12:04		0.7578						Mkt	rx0304101e	rx0304101e
		10/31/05, 15:19	0.7479		-890.00	0.00	6.50		-883.50	Mkt	rx0304101e	rx0304101e
01321500 GBP/USD	100,000.00	10/27/05, 12:08		1.7830						Mkt	rx0304101e	rx0304101e
		10/27/05, 12:22	1.7843		130.00	0.00	0.00		130.00	C	rx0304101e	rx0304101e
01321537 EUR/CHF	100,000.00	10/27/05, 12:24		1.5467						Mkt	rx0304101e	rx0304101e
		11/01/05, 03:33	1.5470		23.27	0.00	14.40		37.67	C	rx0304101e	rx0304101e
01321540 USD/CAD	100,000.00	10/28/05, 12:25		1.1705						Mkt	rx0304101e	rx0304101e
		10/28/05, 10:23	1.1740		298.13	0.00	2.65		300.78	C	rx0304101e	rx0304101e
01322893 GBP/USD	100,000.00	10/28/05, 10:32		1.7819						Mkt	rx0304101e	rx0304101e
		01/01/06, 12:21	1.7841		220.00	0.00	128.00		348.00	C	rx0304101e	rx0304101e
01323304 GBP/USD	100,000.00	10/28/05, 14:50		1.7742						Mkt	rx0304101e	rx0304101e
		10/31/05, 04:54	1.7794		520.00	0.00	3.30		523.30	C	rx0304101e	rx0304101e
01323305 AUD/USD	100,000.00	10/28/05, 14:51		0.7499						Mkt	rx0304101e	rx0304101e
		10/31/05, 04:53	0.7514		150.00	0.00	3.25		153.25	C	rx0304101e	rx0304101e

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CLOSED TRADE LIST

Ticket Currency	Volume	Date	Sold	Bought	Gross P/L	Comm	Intr	Adj	Net P/L	Cond.	Created by	Exec by
01324211 USD/CAD	100,000.00	10/31/05, 05:03		1.1737					119.14	C	fx0304101e	fx0304101e
		10/31/05, 10:00	1.1751		119.14	0.00	0.00				fx0304101e	fx0304101e
01324730 GBP/USD	100,000.00	10/31/05, 10:07		1.7724					456.60	C	fx0304101e	fx0304101e
		11/02/05, 12:32	1.7769	450.00	0.00	6.60					fx0304101e	fx0304101e
01324893 GBP/USD	100,000.00	10/31/05, 10:56		1.7690					233.30	C	fx0304101e	fx0304101e
		11/01/05, 03:34	1.7713	230.00	0.00	3.30					fx0304101e	fx0304101e
01325235 AUD/USD	100,000.00	10/31/05, 15:20		0.7483					284.15	C	fx0304101e	fx0304101e
		12/05/05, 08:41	0.7502	190.00	0.00	94.15					fx0304101e	fx0304101e
01325236 AUD/USD	100,000.00	10/31/05, 15:21		0.7484					21.60	C	fx0304101e	fx0304101e
		12/02/05, 12:53	0.7477	-70.00	0.00	91.60					fx0304101e	fx0304101e
01325701 EUR/GBP	100,000.00	11/01/05, 03:36		0.6771					63.50	C	fx0304101e	fx0304101e
		11/03/05, 09:52	0.6769	35.50	0.00	28.00					fx0304101e	fx0304101e
01325775 GBP/USD	100,000.00	11/01/05, 04:24		1.7690					254.20	C	fx0304101e	fx0304101e
		01/20/06, 15:38	1.7704	140.00	0.00	114.20					fx0304101e	fx0304101e
01327114 USD/CAD	100,000.00	11/01/05, 16:01		1.1755					79.15	C	fx0304101e	fx0304101e
		11/02/05, 00:57	1.1764	76.50	0.00	2.65					fx0304101e	fx0304101e
01327575 EUR/GBP	100,000.00	11/02/05, 01:00		0.6812					176.30	C	fx0304101e	fx0304101e
		11/02/05, 06:24	0.6802	176.30	0.00	0.00					fx0304101e	fx0304101e
01327901 GBP/USD	100,000.00	11/02/05, 06:28		1.7630					240.00	C	fx0304101e	fx0304101e
		11/02/05, 08:02	1.7654	240.00	0.00	0.00					fx0304101e	fx0304101e
01327903 USD/CAD	100,000.00	11/02/05, 06:29		1.1791					25.44	C	fx0304101e	fx0304101e
		11/02/05, 08:03	1.1794	25.44	0.00	0.00					fx0304101e	fx0304101e
01328045 EUR/CHF	100,000.00	11/02/05, 08:04		1.5427					22.22	C	fx0304101e	fx0304101e
		11/03/05, 01:44	1.5428	7.82	0.00	14.40					fx0304101e	fx0304101e
01328307 EUR/GBP	100,000.00	11/02/05, 09:36		0.6795					216.51	C	fx0304101e	fx0304101e
		11/03/05, 05:24	0.6784	195.51	0.00	21.00					fx0304101e	fx0304101e
01329112 GBP/USD	100,000.00	11/03/05, 01:47		1.7746					260.00	C	fx0304101e	fx0304101e
		11/03/05, 05:25	1.7772	260.00	0.00	0.00					fx0304101e	fx0304101e
01329541 GBP/USD	100,000.00	11/03/05, 08:09		1.7758					985.80	C	fx0304101e	fx0304101e
		01/26/06, 11:20	1.7846	880.00	0.00	105.80					fx0304101e	fx0304101e
01330295 EUR/CHF	100,000.00	11/03/05, 11:20		1.5430					7.75	C	fx0304101e	fx0304101e
		11/03/05, 12:22	1.5431	7.75	0.00	0.00					fx0304101e	fx0304101e

EXHIBIT M.

Case No. 05-60006 (RDD)

Signed: ... Paul Palley.....

Dated: ... 17 March 2007.....

RESPONSE TO OMNIBUS OBJECTION

Preliminary Statement

Throughout the period 17 October 2005 until 31 July 2006, Refco (or FXA) allowed and encouraged clients to continue trading. Refco received actual benefits as a result of such transactions. These benefits were the trading spreads and the interest difference on reciprocal trading positions. The benefits were only possible as a result of post-petition transactions by customers and such items constituted the broking revenue of the business. Refco (FXA) acted as counter-party to customers and would make profit or loss on individual customer trades.

Any individual closed profitable trades from this period are an actual and necessary expense to Refco, which it incurred as part of its business of being counter-party to these transactions. Refco confirms that there were changes in its liabilities to customers, which could only have come about as a result of the above

matters. Moreover, during the period in question Refco made substantial net profits as a result of these business activities which led to an overall decline in net liabilities to customers. Refco received two adequate and beneficial purchase offers from FXCM, which were based on a fair value of the business broking activity. Refco refused these beneficial offers, because it placed paramount importance on the principle of fair and equal treatment of all unsecured creditors and customers and did not make full use of the benefit to the Debtors' Estate that would have resulted from a sale in order to assert this principle. This decision not to sell at the available price does not nullify the actual benefits Refco enjoyed from engaging in trading and keeping customers on its books throughout the period to 31 July 2006.

EXHIBIT 7.

Although these claims for administrative expenses do not arise from the provision of goods, services or merchandise to the Debtor, such claims need not be limited to these categories. The claims arise from legitimate post-petition transactions with a brokerage, and are based on claims for gross trading profits and interest payments.

Ad paras. 15-16**Objection that valuable consideration did not accompany the Claimants' post-petition trading activity**

1. The Debtors dispute that the Claimants gave post-petition consideration and "actual" benefits to the FXA estate in connection with their post-petition trading. Instead, the Debtors contend that such trading "was rather supported by their pre-petition FXA deposit accounts" i.e. the consideration was supplied pre-petition. In para 16, the Debtors suggest that, for a claim to be allowed as an administrative expense, goods, merchandise or services must be delivered pursuant to a post-petition transaction.
2. The Debtors attribute too narrow a scope to valuable consideration. Valuable consideration consists in some right, interest, profit or benefit accruing to the one party, or some forbearance, detriment, loss or responsibility given, suffered, or undertaken by the other at his request.
3. The Claimants provided valuable consideration after the Petition Date. They did so in one or more of several ways, as follows:
 - (i) By the Claimants engaging in trading, FXA obtained income from broking charges and fees, which the Claimants assumed the detrimental responsibility of meeting.
 - (ii) By the Claimants engaging in trading, they thereby authorized FXA to make profits when trades were closed, with losses being debited to the Claimants, who thereby assumed detrimental responsibility while conferring the right of claim on FXA. (In para